

**BATTLE CREEK TAX INCREMENT  
FINANCE AUTHORITY  
(A Component Unit of the  
City of Battle Creek, Michigan)**

**Battle Creek, Michigan**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**For the Year Ended  
June 30, 2008**



**REHMANN ROBSON**

*Certified Public Accountants*

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**(A Component Unit of the**  
**City of Battle Creek, Michigan)**

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**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP



## **INDEPENDENT AUDITORS' REPORT**

December 10, 2008

Board of Directors  
Battle Creek Tax Increment Finance Authority  
City of Battle Creek, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the ***Battle Creek Tax Increment Finance Authority, a component unit of the City of Battle Creek, Michigan***, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the ***Battle Creek Tax Increment Finance Authority*** as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented Management's Discussion and Analysis as required supplementary information. The Governmental Accounting Standards Board has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The continuing bond disclosures as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. The continuing bond disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

## **BASIC FINANCIAL STATEMENTS**

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**Statement of Net Assets and**  
**Governmental Funds Balance Sheet**  
**June 30, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Pipeline Bonds</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>							
Pooled cash and investments	\$ 2,619,053	\$ -	\$ 33	\$ 13,840,485	\$ 16,459,571	\$ -	\$ 16,459,571
Interest receivable	147,023	-	-	93	147,116	-	147,116
Advance to primary government	397,540	-	-	-	397,540	-	397,540
Long-term receivables - due in more than one year	-	-	-	-	-	1,124,042	1,124,042
Capital assets not being depreciated	-	-	-	-	-	11,679,397	11,679,397
Capital assets being depreciated, net	-	-	-	-	-	545,400	545,400
<b>Total assets</b>	<u>\$ 3,163,616</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 13,840,578</u>	<u>\$ 17,004,227</u>	<u>13,348,839</u>	<u>30,353,066</u>
<b>Liabilities</b>							
Accounts payable	\$ 1,003,066	\$ -	\$ -	\$ -	\$ 1,003,066	-	1,003,066
Accrued interest payable	-	-	-	-	-	76,468	76,468
Other liabilities	-	-	-	1,251	1,251	-	1,251
Long-term liabilities:							
Due within one year	-	-	-	-	-	1,834,115	1,834,115
Due in more than one year	-	-	-	-	-	9,475,029	9,475,029
<b>Total liabilities</b>	<u>1,003,066</u>	<u>-</u>	<u>-</u>	<u>1,251</u>	<u>1,004,317</u>	<u>11,385,612</u>	<u>12,389,929</u>
<b>Fund balances</b>							
Unreserved, undesignated	<u>2,160,550</u>	<u>-</u>	<u>33</u>	<u>13,839,327</u>	<u>15,999,910</u>	<u>(15,999,910)</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,163,616</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 13,840,578</u>	<u>\$ 17,004,227</u>		
<b>Net assets</b>							
Invested in capital assets, net of related debt						9,140,720	9,140,720
Restricted for debt service						33	33
Restricted for capital projects						13,839,327	13,839,327
Unrestricted (deficit)						<u>(5,016,943)</u>	<u>(5,016,943)</u>
<b>Total net assets</b>						<u>\$ 17,963,137</u>	<u>\$ 17,963,137</u>

The accompanying notes are an integral part of these financial statements.

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**Statement of Activities and**  
**Governmental Fund Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	<b>General</b>	<b>Debt Service</b>	<b>Pipeline Bonds</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Revenues</b>							
Property taxes	\$ 9,627,498	\$ -	\$ -	\$ -	\$ 9,627,498	\$ -	\$ 9,627,498
Interest earnings	1,191,564	-	112	14,478	1,206,154	-	1,206,154
Other revenues	20,407	-	-	16,470	36,877	-	36,877
Total revenues	10,839,469	-	112	30,948	10,870,529	-	10,870,529
<b>Expenditures/expenses</b>							
Community development	5,034,144	-	-	2,068,183	7,102,327	(1,101,164)	6,001,163
Debt service:							
Principal	833,673	345,000	695,000	-	1,873,673	(1,873,673)	-
Interest and fiscal charges	384,958	87,285	338,790	-	811,033	(16,674)	794,359
Total expenditures/expenses	6,252,775	432,285	1,033,790	2,068,183	9,787,033	(2,991,511)	6,795,522
Revenues over (under) expenditures	4,586,694	(432,285)	(1,033,678)	(2,037,235)	1,083,496	2,991,511	4,075,007
<b>Other financing sources (uses)</b>							
Proceeds/gain from sale of capital assets	1,996,656	-	-	-	1,996,656	-	1,996,656
Transfers in	-	432,285	1,033,679	3,702,245	5,168,209	(5,168,209)	-
Transfers out	(5,168,209)	-	-	-	(5,168,209)	5,168,209	-
Total other financing sources (uses)	(3,171,553)	432,285	1,033,679	3,702,245	1,996,656	-	1,996,656
Revenues and other sources over (under) expenditures and other uses	1,415,141	-	1	1,665,010	3,080,152	(3,080,152)	-
Change in net assets	-	-	-	-	-	6,071,663	6,071,663
<b>Fund balances/net assets</b>							
Beginning of year, as restated	745,409	-	32	12,174,317	12,919,758	(1,028,284)	11,891,474
<b>End of year</b>	<u>\$ 2,160,550</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 13,839,327</u>	<u>\$ 15,999,910</u>	<u>\$ 1,963,227</u>	<u>\$ 17,963,137</u>

The accompanying notes are an integral part of these financial statements.

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2008**

	<b>Budget (Original and Final)</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Revenues</b>			
Property taxes	\$ 9,670,000	\$ 9,627,498	\$ (42,502)
Interest earnings	264,000	1,191,564	927,564
Other revenues	28,000	20,407	(7,593)
	<u>9,962,000</u>	<u>10,839,469</u>	<u>877,469</u>
<b>Total revenues</b>			
	<u>9,962,000</u>	<u>10,839,469</u>	<u>877,469</u>
<b>Expenditures</b>			
Community development	3,959,801	5,034,144	1,074,343
Debt service:			
Principal	833,673	833,673	-
Interest and fiscal charges	384,958	384,958	-
	<u>5,178,432</u>	<u>6,252,775</u>	<u>1,074,343</u>
<b>Total expenditures</b>			
	<u>5,178,432</u>	<u>6,252,775</u>	<u>1,074,343</u>
<b>Revenues over expenditures</b>			
	<u>4,783,568</u>	<u>4,586,694</u>	<u>(196,874)</u>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	50,000	1,996,656	1,946,656
Transfers out	(5,166,045)	(5,168,209)	2,164
	<u>(5,116,045)</u>	<u>(3,171,553)</u>	<u>(1,944,492)</u>
<b>Total other financing sources (uses)</b>			
	<u>(5,116,045)</u>	<u>(3,171,553)</u>	<u>(1,944,492)</u>
<b>Net change in fund balance</b>			
	(332,477)	1,415,141	1,747,618
<b>Fund balance, beginning of year, as restated</b>			
	<u>745,409</u>	<u>745,409</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>			
	<u>\$ 412,932</u>	<u>\$ 2,160,550</u>	<u>\$ 1,747,618</u>

The accompanying notes are an integral part of these financial statements.



# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – These financial statements present the activities of the Battle Creek Tax Increment Finance Authority (the “Authority”). The Authority was organized pursuant to Public Act 450 of 1980. The primary purpose of the Authority is to encourage economic activity in the Fort Custer Industrial Park Development District. The Authority’s activities are primarily funded through tax increment financing and bonded debt.

The Authority is a component unit of the City of Battle Creek, Michigan (the “City”) because the City appoints the Authority’s Board of Directors, it has the ability to significantly influence the Authority’s operations and it is financially accountable for the Authority as defined under GASB Statement No. 14, *The Financial Reporting Entity*. Accordingly, the Authority is presented as a discrete component unit in the City’s financial statements and is an integral part of that reporting entity.

**Government-wide and Fund Financial Statements** – As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. Major individual governmental funds are reported as separate columns in the aforementioned financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** – The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

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The Authority reports the following major governmental funds:

- General fund
- Debt service funds:
  - Debt service fund
  - Pipeline bonds fund
- Capital projects fund

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

*Debt service funds* account for the accumulation of resources for, and the payment of, interest and principal on bonded debt.

The *capital projects fund* accounts for the use of resources, primarily bond proceeds, in constructing or acquiring capital assets, including buildings.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Capital Assets** – Capital assets, which include property and equipment, are reported in the government-wide financial statements. The Authority defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

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Infrastructure assets (e.g., roads, curbs, sidewalks, storm sewers and similar items), along with water and wastewater subsystems, constructed by the Authority are not recorded as the Authority's capital assets, even though the Authority may be obligated to repay the debt issued to finance the related projects. Such capital assets become the property of the City when they are placed into service and, accordingly, are reported in the City's capital assets.

The Authority's capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	50
Buildings	25
Equipment	10

***Long-term Obligations*** – In the government-wide financial statements, long-term debt is reported as a liability. Bond discounts, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Budgetary Information*** – The general fund is under formal budgetary control and its budget is prepared on the same modified accrual basis used to reflect actual results. The Authority follows the City budget process in establishing the budgetary data reflected in the financial statements:

- The Authority submits a proposed budget to the City Manager. After review and approval, the City Manager submits a recommended operating budget to the City Commission. Public hearings are held to obtain taxpayer comments. The budget is legally adopted at the fund level through a City Commission resolution prior to the beginning of the budgetary year for the Authority's funds.
- The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or amended by the City Commission during the year. Individual amendments were not material in relation to the original appropriations.

For the year ended June 30, 2008, the general fund expenditures exceeded appropriations by \$1,074, 343.

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

### 2. POOLED CASH AND INVESTMENTS

At year-end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the City's internal cash management pool, was \$16,459,571. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categorizations are presented in the City's basic financial statements.

### 3. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated - Land	\$ 11,679,397	\$ -	\$ -	\$ 11,679,397
Capital assets, being depreciated:				
Land improvements	587,500	-	-	587,500
Buildings	278,190	-	-	278,190
Equipment	302,712	-	-	302,712
Total capital assets being depreciated	1,168,402	-	-	1,168,402
Less accumulated depreciation for:				
Land improvements	(152,750)	(11,750)	-	(164,500)
Buildings	(144,662)	(11,128)	-	(155,790)
Equipment	(302,712)	-	-	(302,712)
Total accumulated depreciation	(600,124)	(22,878)	-	(623,002)
Total capital assets, being depreciated, net	568,278	(22,878)	-	545,400
<b>Governmental activities capital assets, net</b>	<b>\$ 12,247,675</b>	<b>\$ (22,878)</b>	<b>\$ -</b>	<b>\$ 12,224,797</b>

Depreciation expense in the amount of \$22,878 was reported in the community development function in the government-wide statement of activities.

### 4. LONG-TERM RECEIVABLE

During the year ended June 30, 2008, the Authority approved two loans to the Battle Creek Brownfield Redevelopment Authority (a component unit of the City of Battle Creek) in the total amount of \$3,530,000 to be used in accordance with a particular brownfield plan. As of June 30, 2008, \$1,124,042 had been drawn on the authorized amount and is reported as a long-term receivable in the statement of net assets since future repayment is based on the collection of incremental tax revenues.

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

### 5. LONG-TERM DEBT

Following is a summary of the Authority's debt outstanding as of June 30, 2008:

	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Outstanding Principal</u>
<b>General Obligation Bonds</b>			
1997 Limited Tax Development Refunding	4.9-5.0%	09/01/11	\$ 1,575,000
<b>Revenue Bonds</b>			
1997 Development Refunding	5.0-5.25%	05/01/16	5,955,000
<b>Land Contract</b>			
1992 Land Contract	9.0%	06/30/12	3,084,077
<b>Economic Development Loan Payable</b>			
2002 Loan	6.0%	12/31/16	<u>695,067</u>
			<u><b>\$ 11,309,144</b></u>

In addition to the above obligations, the Authority has committed to contribute toward the repayment of a City of Battle Creek bond issue. Although not contractually obligated, the Authority intends to pay debt service on this obligation, which has an outstanding balance of \$175,666 with interest rates ranging from 2.75% to 3.5%, and maturing through 2011.

Annual debt service requirements to maturity for the Authority's debt, including the City of Battle Creek bond issue that the Authority intends to service, are as follows:

	<u>Authority Obligations</u>		<u>City Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,834,115	\$ 689,316	\$ 55,894	\$ 4,884
2010	1,928,782	569,581	58,555	3,094
2011	2,049,154	441,843	61,217	1,071
2012	2,175,735	304,332	-	-
2013	922,132	168,357	-	-
2014-2017	<u>2,399,226</u>	<u>233,982</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 11,309,144</b></u>	<u><b>\$ 2,407,411</b></u>	<u><b>\$ 175,666</b></u>	<u><b>\$ 9,049</b></u>

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

*Changes in Long-Term Debt.* Long-term liability activity for the year ended June 30, 2008, was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
General obligation bonds	\$ 1,920,000	\$ -	\$ (345,000)	\$ 1,575,000	\$ 365,000
Revenue bonds	6,650,000	-	(695,000)	5,955,000	730,000
Land contract	3,702,785	-	(618,708)	3,084,077	674,392
Economic development loans	<u>910,032</u>	<u>-</u>	<u>(214,965)</u>	<u>695,067</u>	<u>64,723</u>
	<b><u>\$ 13,182,817</u></b>	<b><u>\$ -</u></b>	<b><u>\$(1,873,673)</u></b>	<b><u>\$ 11,309,144</u></b>	<b><u>\$ 1,834,115</u></b>

### 6. PROPERTY TAXES

Property tax revenue is derived pursuant to a tax increment financing agreement between the Authority and various applicable taxing districts. Real and personal property taxes are levied and attach as an enforceable lien on properties located within the boundaries of the tax increment financing district. The City of Battle Creek bills and collects the taxes on behalf of the Authority. Delinquent taxes on ad valorem real property are purchased by Calhoun County. Property tax revenue is recognized when levied in the government-wide financial statements and in the fund financial statements to the extent that it results in current receivables.

Except for property taxes captured from local schools that exceed contractual obligations, the Authority is entitled to all taxes levied on property within the Battle Creek Tax Increment Finance Authority district to the extent that the current taxable value exceeds the base year taxable value.

Renaissance zone property is tax abated property against which property taxes are not currently levied, but in the near future will return or revert to the ad valorem tax rolls. Similarly, industrial and commercial facility tax properties are abated personal property that receive up to a 50% reduction in the millage rate for a stated number of years as approved by the City of Battle Creek (or applicable taxing jurisdiction).

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

Taxable values for the 2007 levy are summarized below:

	(a) Total Taxable Value	(b) Base Year Value	(a)-(b) Captured Increment
Ad valorem property	\$ 173,389,317	\$ 4,504,270	\$ 168,885,047
Renaissance zone property	292,277	-	292,277
IFT / CFT / Other property	146,719,197	12,394,110	134,325,087
<b>Totals</b>	<b>\$ 320,400,791</b>	<b>\$ 16,898,380</b>	<b>\$ 303,502,411</b>

IFT - Industrial Facility Tax

CFT - Commercial Facility Tax

## 7. ADJUSTMENTS

Following is an explanation of the adjustments between the governmental funds balance sheet and the government-wide statement of net assets, which reconciles fund balances to net assets:

<b>Fund balances</b>	<b>\$ 15,999,910</b>
Adjustments:	
Capital assets and long-term receivables are not current financial resources and therefore are not reported in the governmental funds:	
Property and equipment	12,847,799
Accumulated depreciation	(623,002)
Long-term receivables	1,124,042
Bonds payable and other long-term obligation are not due and payable in the current period and therefore not reported in the governmental funds	(11,309,144)
Accrued interest payable on bonds is not recorded by governmental funds	(76,468)
<b>Net assets</b>	<b>\$ 17,963,137</b>

# BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

## Notes To Basic Financial Statements

Following is an explanation of the adjustments between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities, which reconciles the net change in fund balances to the change in net assets:

<b>Net change in fund balances</b>	<b>\$ 3,080,152</b>
Adjustments:	
Repayment of bond and other long-term obligations principal is an expenditure in the funds, but the repayment reduces long-term liabilities for purposes of determining net assets	1,873,673
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation expense	(22,878)
Governmental funds report loans to other component units of the reporting entity as expenditures; however, in the statement of activities, those costs are eliminated and capitalized as long-term receivables.	1,124,042
The change in accrued interest expense on long-term obligations is not recorded by governmental funds but is reported under interest and fiscal charges for purposes of determining net assets	16,674
<b>Change in net assets</b>	<b><u>\$ 6,071,663</u></b>

## 8. RESTATEMENTS

The beginning net assets of the governmental activities and the beginning fund balance of the general fund were each restated (i.e., reduced) by \$690,023 to properly recognize excess property captures applicable to the prior year.

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## **SUPPLEMENTARY INFORMATION**

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**Continuing Bond Disclosures (Unaudited)**

**1. State Equalized Value (SEV) and Taxable Value (TV) of Ad Valorem Tax Roll**

Assessed Value as of December 31	Year of Tax Levy	Fiscal Year Ended June 30	Ad Valorem SEV		Ad Valorem TV	
			Amount	% Change	Amount	% Change
2006	2007	2008	\$ 176,342,568	-0.47%	\$ 174,739,010	-0.36%
2005	2006	2007	177,171,368	4.82%	175,368,234	4.82%
2004	2005	2006	169,024,580	-3.19%	167,303,773	-2.90%
2003	2004	2005	174,592,160	4.59%	172,303,773	4.28%
2002	2003	2004	166,922,857	1.37%	165,224,263	2.34%
2001	2002	2003	164,661,334	23.89%	161,442,246	22.43%
2000	2001	2002	132,912,439	12.53%	131,864,597	13.39%
1999	2000	2001	118,117,500	29.02%	116,289,550	28.79%
1998	1999	2000	91,551,700	7.44%	90,293,700	7.04%
1997	1998	1999	85,215,400	12.64%	84,355,600	11.60%

**2. Taxable Value (TV) of Ad Valorem Tax Roll by Use**

Fiscal Year Ended June 30	Commercial	Industrial	Total
2008	\$ 7,434,568	\$ 167,304,442	\$ 174,739,010
2007	8,147,660	167,220,574	175,368,234
2006	8,664,241	158,458,357	167,122,598
2005	12,682,444	159,621,329	172,303,773
2004	8,300,838	156,923,425	165,224,263
2003	9,329,644	152,112,602	161,442,246
2002	9,419,758	122,444,839	131,864,597
2001	8,566,850	107,722,700	116,289,550
2000	8,436,400	81,857,300	90,293,700
1999	8,025,750	76,329,850	84,355,600

**3. Taxable Value (TV) of Ad Valorem Tax Roll by Class**

Fiscal Year Ended June 30	Real	Personal	Total
2008	\$ 66,442,878	\$ 108,296,132	\$ 174,739,010
2007	65,967,408	109,400,826	175,368,234
2006	63,045,638	104,076,960	167,122,598
2005	61,145,274	111,158,499	172,303,773
2004	56,352,265	108,871,998	165,224,263
2003	46,807,146	114,635,100	161,442,246
2002	41,310,697	90,553,900	131,864,597
2001	37,258,550	79,031,000	116,289,550
2000	24,957,200	65,336,500	90,293,700
1999	23,286,500	61,069,100	84,355,600

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**Continuing Bond Disclosures (Unaudited)**

**4. Taxable Value (TV) of the Industrial Facilities Tax Roll by Class**

Fiscal Year Ended June 30	Real	Personal	Total
2008	\$ 25,291,868	\$ 122,587,672	\$ 147,879,540
2007	23,161,715	110,748,687	133,910,402
2006	23,242,752	108,911,603	132,154,355
2005	23,620,554	81,772,376	105,392,930
2004	24,235,506	78,251,877	102,487,383
2003	33,690,941	70,710,300	104,401,241
2002	31,617,845	72,390,012	104,007,857
2001	32,393,900	75,196,300	107,590,200
2000	44,078,600	83,957,200	128,035,800
1999	44,391,700	81,842,250	126,233,950

**5. Property Tax Collections**

Fiscal Year Ended June 30	Taxes Levied	Collections to March 1	% Collected
2008	\$ 10,760,561	\$ 10,591,596	98.43%
2007	10,369,259	10,171,550	98.09%
2006	9,998,865	9,881,842	98.83%
2005	9,053,251	8,809,482	97.31%
2004	8,907,046	8,907,046	100.00%
2003	9,138,546	9,138,546	100.00%
2002	8,455,874	7,889,892	93.31%
2001	7,306,333	7,243,324	99.14%
2000	6,779,678	6,724,628	99.19%
1999	6,555,340	6,499,272	99.14%
1998	5,931,538	5,532,782	93.28%

**6. Captured Property Tax Rates**  
(per \$1,000 of value)

Fiscal Year Ended June 30	City	B.C. & ISD Schools	County	State Education Tax	Willard Library
2008	13.8900	20.7792	4.0334	6.0000	-
2007	13.9210	20.7792	4.0334	6.0000	-
2006	11.2300	20.7792	4.3080	6.0000	2.00
2005	10.4530	20.0000	4.0334	6.0000	2.00
2004	13.0000	20.0000	4.0334	5.0000	-
2003	13.0000	20.0000	4.0334	6.0000	-
2002	13.0000	20.7550	4.0334	6.0000	-
2001	12.7730	20.7296	4.0448	6.0000	-
2000	15.5970	20.7296	4.0448	6.0000	-
1999	12.7290	20.7489	4.0559	6.0000	-
1998	12.8440	20.8200	4.0591	6.0000	-

**BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**  
**Continuing Bond Disclosures (Unaudited)**

**7. Taxable Value of Twenty Largest Ad Valorem Taxpayers**  
(Fiscal Year Ended June 30, 2008)

Taxpayer	Product or Service	Value	Taxable Value
1 Denso Manufacturing	Automotive parts	\$ 81,112,862	46.42%
2 TRMI, Inc.	Automotive parts	11,000,229	6.30%
3 New AMI Inc.	Automotive parts	7,986,703	4.57%
4 II Stanley Company, Inc.	Automotive parts	6,215,275	3.56%
5 Systex Products Corp.	Plastics manufacturer	6,002,415	3.44%
6 Toyota Tsusho America, Inc.	Automotive parts	5,698,306	3.26%
7 Hi-Lex Corp.	Automotive parts	5,562,226	3.18%
8 Koyo Corp.	Automotive parts	5,254,824	3.01%
9 Musashi Auto Parts	Automotive parts	5,249,880	3.00%
10 Union Pump	Pump manufacturer	4,353,034	2.49%
11 EPI Printers, Inc.	Printing	3,367,763	1.93%
12 Johnson Control	Automotive parts	2,318,177	1.33%
13 MS Skyline LLC	Leasing facility	2,133,369	1.22%
14 Lotte USA Inc.	Automotive parts	2,090,663	1.20%
15 United Steel & Wire	Wire products	1,844,304	1.06%
16 Marley Precision Inc.	Automotive parts	1,666,992	0.95%
17 Duncan Aviation Inc.	Aviation	1,184,503	0.68%
18 Waterland Battle Creek	Leasing facility	1,052,434	0.60%
19 Advanced Special Tools, Inc.	Specialty tools	959,974	0.55%
20 Gallagher Industrial Laundry Inc.	Laundry	903,635	0.52%
		<u>\$ 155,957,568</u>	<u>89.27%</u>

**8. Taxable Value of Twenty Largest IFT Taxpayers**  
(Fiscal Year Ended June 30, 2008)

Taxpayer	Product or Service	Taxable Value	% of Taxable Value
1 Denso Manufacturing	Automotive parts	\$ 48,238,499	32.62%
2 Musashi Auto Parts	Automotive parts	33,151,004	22.42%
3 II Stanley Company, Inc.	Automotive parts	20,450,079	13.83%
4 Yorozu Automotive	Automotive parts	11,979,533	8.10%
5 EPI Printers, Inc.	Printing	6,986,878	4.72%
6 TRMI, Inc.	Automotive parts	5,766,068	3.90%
7 Prairie Farms Dairy Inc.	Dairy products	4,186,326	2.83%
8 Roesler Metral Finishing	Metal finishing	3,169,387	2.14%
9 Pypor Products	Plastic injection molding	2,893,238	1.96%
10 Marley Precision Inc.	Automotive parts	2,081,518	1.41%
11 Advanced Special Tools Inc.	Specialty tools	1,758,587	1.19%
12 Systex Products Corp.	Plastics manufacturer	1,494,836	1.01%
13 Koyo Corp.	Automotive parts	1,149,075	0.78%
14 Stewart Industries Inc.	Subproduction	918,509	0.62%
15 Hi-Lex Corp.	Automotive parts	626,838	0.42%
16 Perelli Enterprises Inc.	Plastic recycling	558,221	0.38%
17 New AMI Inc.	Automotive parts	473,253	0.32%
18 Hotset Corp.	Molded parts	472,086	0.32%
19 Advanced Plastic Manufacturing Inc.	Specialty tools	314,025	0.21%
20 Geislinger Corp.	Molded parts	153,307	0.10%
		<u>\$ 146,821,267</u>	<u>99.28%</u>